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Report of the Trade and Development Board on its thirty-ninth executive session*

Geneva, 30 June 2006

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REPORT OF THE TRADE AND DEVELOPMENT BOARD ON ITS THIRTY-NINTH EXECUTIVE SESSION

Held at the Palais des Nations, Geneva,
on 30 June 2006

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Chapter I

ACTIVITIES UNDERTAKEN BY UNCTAD IN FAVOUR OF AFRICA

(Agenda item 1)

1. For its consideration of this item, the Board had before it the following documentation:

"Activities undertaken by UNCTAD in favour of Africa: Report by the Secretary-General of UNCTAD" (TD/B/EX(39)/2).

General statements

2. The **Secretary-General of UNCTAD** recalled the General Assembly's call for organs and organizations of the UN system to assist African countries and the New Partnership for Africa's Development (NEPAD). The two main strands of UNCTAD's work relating to Africa were: policy research and analysis aimed at increasing the range of national and international policy choices available to promote African development in the areas of UNCTAD's competence; and providing advisory services and technical cooperation covering almost all of UNCTAD's sectoral activities, including trade policy, trade facilitation, investment, technology, insurance and debt management. UNCTAD attached considerable importance to its work on Africa, and suggestions on how to enhance its support to the continent and to the NEPAD process would be welcome.

3. The **Special Coordinator for Africa** said that the report before the Board was self-explanatory and that he would deal with new developments that had occurred since the report's completion, focusing mainly on the forthcoming 2006 *Economic Development in Africa* (EDA) report. Africa's economic growth rate in 2005 had reached 5.3 per cent, mainly because of the good performance of mineral and petroleum exporters and the general surge in global demand for commodities, spearheaded by China and India. The international community's commitment to double aid to Africa had to be commended, but there were questions with respect to the "additionality" of debt relief in the context of aid. Sceptics had continued to stress issues such as absorptive capacity, governance, and the reduced fiscal efforts of aid recipients, as well as the possibility of Dutch disease. The 2006 EDA report would address some of these and related issues. The report would proceed from the premise that commitments to double aid would be honoured, but considering the present "chaotic" aid delivery system, recommendations would be made for the creation of a coherent and more transparent aid architecture that took account of recipients' development priorities in order to increase the development effectiveness of aid. The crucial issue of mobilizing domestic resources for development would be the subject of the 2007 EDA report.

4. The representative of **Pakistan**, speaking on the behalf of the **Group of 77 and China**, said that some issues needed to be addressed in a more determined fashion, such as the achievement of the MDGs. Although Africa had experienced strong economic growth the previous year, the MDGs were still out of reach: growth had not helped to reduce poverty. The international community should respect the financial commitment made in 2005 during the World Summit. UNCTAD could play a pivotal role in respect of technical assistance and in redirecting the attention of the international community towards the achievement of MDGs in Africa.

5. UNCTAD's 2005 EDA report on rethinking the role of FDI should be replicated for other developing regions like Latin America and Asia, with emphasis on the impact of FDI on economic development. UNCTAD had an important role to play in the follow-up to the Financing for Development Plus 5 Review and its implications for MDGs. UNCTAD could assist African countries that had benefited from debt cancellation on how to use the resulting fiscal space to invest in social and economic development. Similarly, UNCTAD could study the impact of the promised doubling of aid on Africa's development. The third round of GSP negotiations should allow participating countries to increase their exports and benefit from trade liberalization within the context of South-South trade. The strategic partnership between Africa and Asia was bound to promote economic development of both regions, and UNCTAD should focus on studying its impact on economic development. UNCTAD should continue to support the Integrated Framework for Trade-related Technical Assistance, and strengthen the work of its substantive divisions with a view to helping countries to achieve the MDGs.

6. The representative of **Algeria,** speaking on behalf of the **African Group,** emphasized that UNCTAD's analytical research and technical assistance relating to Africa underscored the strong commitment of African countries to UNCTAD. As shown by trade statistics, which revealed a declining trend in Africa's share of international trade over the last 20 years, the recommendations on development strategies from other international organizations had failed. UNCTAD XI had brought a new vision of development issues at a time of change in the geography of international economic relations. The close cooperation between the NEPAD secretariat and UNCTAD should continue, as should UNCTAD's technical assistance in Africa in the areas of development and poverty reduction, transportation, investment, and information and communication technologies. UNCTAD's efforts notwithstanding, Africa had yet to develop, so only a "Marshall Plan" would unleash the dynamics of development, through a pragmatic linking of research and analytical functions with technical assistance, especially to improve infrastructure, with a view to strengthening Africa's export competitiveness. Developed partners should engage developing countries with a view to raising the large financial resources required to face the challenge. UNCTAD's assistance to developing countries in their WTO accession bid was not reflected in the "Report on activities undertaken by UNCTAD in favour of Africa". The language problems faced by French-speaking countries in accessing UNCTAD reports should be addressed.

7. The representative of **Austria,** speaking on behalf of the **European Union and the acceding countries of Bulgaria and Romania,** said that the EU valued UNCTAD's work in favour of Africa. The EU had a privileged relationship with Africa, which was encompassed in an enhanced EU-Africa political dialogue. Two main initiatives already in place deserved to be highlighted: the European Consensus for Development, to provide a solid base for increasing coherence, coordination and consistency and to increase aid effectiveness and efficiency; and the EU strategy for Africa, a Euro-Africa pact to accelerate Africa's development which for the first time addressed Africa as one entity and focused on its key requirements for sustainable development. The Economic Partnership Agreements were instruments for development aimed at enhancing regional economic integration and reducing poverty in the ACP countries.

8. Three main areas deserved particular emphasis in UNCTAD's activities in favour of Africa: trade analysis, capacity building programmes, and technical assistance projects, all of which aimed to assist African countries participate in and benefit from the world trading system. There was a need to improve UNCTAD's outreach and communication strategy to ensure that key policy messages reached high-level policy-making processes. The linguistic needs of African countries, especially LDCs, with official languages other than the official UN ones should be addressed in capacity-building and technical assistance programmes. Member States and the secretariat should make an effort to improve the dissemination of UNCTAD's products, and UNCTAD and ECA should take greater account of each other's work.

9. In many respects, 2005 had been a year of action for Africa in view of, inter alia, the global review of the MDGs by the General Assembly, G8 financing commitments, and the report of the Commission for Africa. The EU attached great importance to the African Union and NEPAD, and it supported the Commission for Africa's recommendations that development should remain a strong focus of the WTO negotiations. The EU was committed to improving the participation of the developing countries in the global economy and to supporting increased trade, including South-South trade, and regional integration. UNCTAD's work should focus more on Africa, for example by integrating trade into PRSPs and nationally owned development strategies. UNCTAD should maintain close contacts with OECD/DAC countries, and a representative of DAC could be invited to subsequent meetings in order to have a full picture of donor commitments.

10. The representative of **Benin,** speaking on behalf of the **least developed countries** (LDCs), highlighted a number of UNCTAD activities and programmes that benefited LDCs and some African States, including JITAP and the Integrated Framework. UNCTAD should reinforce its analytical activities with reference to the Integrated Framework and should be more engaged in the national implementation of the matrix of actions for beneficiary LDCs. Donors were exhorted to increase their extrabudgetary contributions to UNCTAD to reinforce its role in the Integrated Framework, especially through concrete field actions. UNCTAD should maintain the priority given to LDCs, the majority of which were African countries, in the allocation of technical cooperation programmes and in the secretariat's analytical work, which should not be the exclusive prerogative of the Special Programme for LDCs. Member States should be involved in the preparations for the mid-term review of the Brussels Plan of Action for LDCs, scheduled for September in New York. In that connection, the LDCs thanked the Governments of Norway and Austria for their role in organizing the ad hoc meeting held in preparation for the mid-term review; the meeting had contributed to the positive outcome of the Ministerial Conference of LDCs in Benin in June 2006.

11. The economic and social situation of Africa was not improving because concrete action in favour of African LDCs was lacking. Africa had been marginalized because of its small share of international trade (2 per cent) and FDI (3 per cent), lack of industries that could compete at the global level, weak road and port infrastructure, a poorly qualified labour force, and a traditional and underdeveloped agricultural sector. These same factors were hindering Africa's efforts to halve the level of poverty by 2015. The commitment of the G8 to double aid to Africa and cancel the multilateral debt of 18 countries was welcome, but Africa's financing requirements to attain MDGs had yet to be met.

12. The representative of **China** noted UNCTAD's capacity to undertake analytical work consistent with Africa's needs. Considerable effort had gone into preparing Investment Policy Reviews, but there were many countries on the waiting list. China would be organizing a meeting of Portuguese-speaking African countries to which UNCTAD would be invited in order to share its expertise with participating countries.

13. The **Deputy Secretary-General of UNCTAD** assured delegations that UNCTAD would strive to increase the utilization of Portuguese and French in its work. If member States wanted UNCTAD to replicate the EDA report for Latin America and Asia, the secretariat would be prepared to do so in collaboration with the respective regional Commissions, although it already published a study of FDI trends for the entire world. UNCTAD's focus was not only FDI flows but also their role in economic growth. The invitation by the Chinese representative to UNCTAD to participate in meetings with Portuguese-speaking countries was accepted.

14. In response to questions raised, the **Special Coordinator for Africa** indicated that aid effectiveness was being dealt with in the 2006 EDA Report, and any report on aid would need to utilize DAC data. There was no objection to the suggestion to invite an expert from DAC. EDA reports were disseminated as widely as possible, and while they might not be cited in other publications on Africa's development, one could find some of their policy recommendations in the latter. Responding to the representative of Benin, he emphasized that it was not enough to tell African Governments what they should do to develop; providing resources and ensuring ownership of policies was just as important. Analyses and recommendations contained in past EDA reports were still relevant in the absence of any dramatic development on the continent. The objective now was to enable countries that were not on course to meet the MDGs to get as close as possible to the targets. UNCTAD's technical assistance to African countries in the process of acceding to the WTO would be reported in the next issue of the secretariat's activities undertaken by UNCTAD in favour of Africa.

Action by the Board

15. The Board took note of the report by the Secretary-General of UNCTAD on "Activities undertaken by UNCTAD in favour of Africa" (TD/B/EX(39)/2).

Chapter II

OTHER BUSINESS

(Agenda item 3)

Report on the Ad Hoc Expert Meeting in preparation for the Mid-term Review of the Programme of Action for LDCs for the Decade 2001–2010

16. The representative of **Austria**, speaking in her capacity as Co-Chairperson of the Ad Hoc Expert Meeting, said that the Meeting had been well attended, had produced interesting discussions, and had resulted in a balanced Chairperson's summary. The work of the Meeting had been instrumental in making possible the success of the LDC Ministerial Meeting in June 2006, and the report of the meeting would not only serve as a useful input to the mid-term review of the LDC Programme of Action but would also reflect the useful work done by UNCTAD for LDCs.

Action by the Board

17. The Board welcomed the report of the Ad Hoc Expert Meeting (UNCTAD/LDC/MISC/2006/10) and requested the President of the Board to forward the report to New York as an input to the mid-term review of the Programme of Action for LDCs for the Decade 2001–2010.

Upcoming Board sessions

18. The Board approved the provisional agenda and timetable for its fifty-third regular session (see document TD/B/53/1), as well as the timetable for the third part of its twenty-third special session (Mid-term Review).

Chapter III

INSTITUTIONAL, ORGANIZATIONAL, ADMINISTRATIVE AND RELATED MATTERS

Opening of the session

19. The session was opened by Mr. Kwame Bawuah-Edusei (Ghana), Vice-President of the Board, who also presided over the session.

Adoption of the agenda

20. The Board adopted the provisional agenda contained in document TD/B/EX(39)/1, as amended. (For the agenda as adopted, see annex I below.)

Bureau

21. The Bureau of the Board was as elected at its fifty-second session. The Bureau was thus as follows:

President:	Mr. Ransford A. Smith	(Jamaica)
Vice-Presidents:	Mr. Juan Antonio March	(Spain)
	Mr. Wegger Christian Strømmen	(Norway)
	Mr. Juan Antonio Fernández Palacios	(Cuba)
	Mrs. Brigitta Maria Siefker-Eberle	(Germany)
	Mr. Iouri Afanassiev	(Russian Federation)
	Ms. Melissa Kehoe	(United States)
	Mr. Sameh Shoukry	(Egypt)
	Mr. Kwame Bawuah-Edusei	(Ghana)
	Mr. Gyan Chandra Acharya	0(Nepal)
	Mr. Musa Burayzat	(Jordan)
Rapporteur:	Mr. Levan Lomidze	(Georgia)

Report of the Board on it thirty-ninth executive session

22. The Board authorized the completion of the report of the thirty-ninth executive session under the authority of the President.

Annex I

AGENDA FOR THE THIRTY-NINTH EXECUTIVE SESSION OF THE BOARD

1. Adoption of the agenda
2. Activities undertaken by UNCTAD in favour of Africa
3. Other business
   (a) Report on the Ad Hoc Expert Meeting in preparation for the Mid-term Review of the Programme of Action for LDCs for the Decade 2001–2010
   (b) Upcoming Board sessions
4. Report of the Board on its thirty-ninth executive session

Annex II

ATTENDANCE*

1. Representatives from the following States members of the Trade and Development Board attended the session:

Afghanistan
Algeria
Austria
Bangladesh
Belarus
Belgium
Benin
Bulgaria
Canada
China
Czech Republic
Ethiopia
Finland
France
Guinea
India
Indonesia
Iran (Islamic Republic of)
Italy
Jamaica
Japan
Madagascar
Mali
Malta
Mauritania
Pakistan
Philippines
Poland
Portugal
Saudi Arabia
Slovakia
Switzerland
Spain
United Kingdom of Great Britain and Northern Ireland
United States of America
Yemen

2. Representatives from the following States members of UNCTAD not members of the Trade and Development Board attended the session:

Holy See
Timor-Leste

3. The following intergovernmental organizations were represented at the session:

European Community
League of Arab States
Organisation internationale de la francophonie

4. The following United Nations agency was represented at the session:

Economic Commission for Africa

5. The following non-governmental organizations were represented at the session:

General Category
International Confederation of Free Trade Unions
Special Category
International Ocean Institute

* For the list of participants, see TD/B/EX(39)/INF.1.